



Legislative Affairs News

LEGISLATIVE AFFAIRS NEWS

Week ending February 5, 2010 | Week #4 |

As reported by Robert J. Vancrum, Kansas Government Affairs Specialist for the Shawnee Chamber of Commerce

ECONOMIC DEVELOPMENT

Hearings were held Thursday morning in House Taxation Committee on amendments to HB2538, amendments to the Promoting Employment Across Kansas Act (PEAK) passed just last year. The credits would expand to company business units that have been acquired by a qualified employer outside the State of Kansas that intends to retain jobs within the state as well as redefining the salary range of jobs to those about the county median wage instead of the county average wage. Qualifying employers get to keep for several years the State income withholding taxes of qualified employee jobs created or retained. There seems to be quite a bit of enthusiasm for the bill but of course it does contain a negative fiscal note in a year where that could be all it takes to stop it.

BUDGET

Senate Ways and Means Committee Chairman Jay Emler announced to his committee this week that his personal target is to find another \$100 million in cuts from the Governors FY2011 budget and that he intended to exempt K-12 education, public safety and higher education to find a 2.5% reduction in all other state general fund agencies. His projections from Legislative Research show that there still would be an estimated \$300 million shortfall in the budget. This is the first public statement signaling that Senate leadership expects to have to raise significant revenues somewhere. House Republican leaders, in contrast, have maintained consistently that reducing spending even in K-12 and higher education can and must be done and have opposed any tax increase as part of the solution.

House Appropriations Committee has also been working on HB2442 which sets up a special private/public commission to advise the Legislature on streamlining state government. This special commission is to report twice in late 2010 and again in the 2012 Legislature on its recommendations. The bill passed the committee on Tuesday.

TAXATION

Hearings will be held next Tuesday in House Taxation Committee on HB2621 which repeals certain income tax credits and prohibits transferability of those credits. Among those scheduled to be repealed in the bill are: the angel investor credit, the community service credit, the community college and technical college contribution credit. The ostensible reason given by the Department of

Revenue is that these are only used by a few people. Certainly those interested in maintaining these credits needs to be on record supporting them.

House Taxation Committee on Thursday will hear HB2549, another bill proposed by the Revenue Secretary that would at one in the same time reimpose sales tax on repairs of real estate and eliminate a number of tax credits including the angel investor tax credit which was only adopted a few years ago. The Revenue Secretary's justification is that such credits are not used by many people and is not cost effective to keep them.

Next week on Wednesday the Senate Taxation Committee will hear a bill requiring homebuilders to have the same treatment on their unsold lots as is available for the inventory of any other business or employer. Essentially, it is the same treatment Missouri has offered for several years. This bill is SB477.

EDUCATION AND HIGHER EDUCATION

As mentioned above, Senate Republican leadership has now clearly signaled they do not plan to cut either K-12 or Higher Education Budgets for 2011 any further than reduced 2010 levels. But they appear not to support the Governor's call to put some cuts back, either. This is not the view of all Republicans of course and certainly the House leadership strongly disagrees. This will not get resolved very soon. Senate Higher Education budgets hearings began today and continue Monday and Tuesday. The House Budget subcommittees commence a full schedule of hearings Monday through Thursday of next week. It may be significant that in both Houses the K-12 education budget is the last one scheduled for action.

Even though those developments in the Senate may portend things not getting worse, it does nothing to avoid the massive reductions which were absorbed across higher education last year and which for the most part will be felt in K-12 in our county for the 2010-2011 school year. The latest reductions of \$12.2 million in SMSD added to several million made at the end of 2010, will require significant and unprecedented teacher layoffs and major growth in class sizes at all levels. All of the Johnson County districts are working on such plans for next year.

The Johnson County Delegation has been trying to find some type of legislation granting more local discretion in raising funds for K-12 that could win majorities in both Houses. SB21, a bill that would enact a special two mill levy from locally generated property tax to allow school districts to pay costs of insurance and utilities was heard in Senate Ways and Means on Tuesday and met a better reception than last year. The bill is subject to a protest petition. Unfortunately it was opposed again by KCK and Wichita and the statewide KASB because there is no state equalization aid to poorer districts. Another bill, SB 385, would allow local districts to replace with local funding ALL of the reductions made since 2008.

Johnson County legislators agree that we need an entirely new formula, one that it will restore local budget authority. But our superintendants strongly feel legislators need to be working on both additional local budget authority until funding is restored and working on a new formula which will take three years or more even when the rest of State sees the necessity.

HEALTHCARE

SB25, a restrictive statewide smoking ban that passed the Senate last year, still sits in House Health and Human Services Committee. The Chair of that committee has scheduled hearings for Wednesday of next week on HB2642. This bill would mandate as a statewide smoking ban the weakest smoking ban in the State (Wichita)! The bill would exempt restaurants and bars that prohibit children, restaurants that have separately ventilated areas, any other place where food is served with a physically separate smoking area, and all Class A and B private clubs. Furthermore, there is no penalty against proprietors. The bill would prevent any other city or county from imposing a more restrictive ban.

TRANSPORTATION

There has been no action as of yet on the new comprehensive transportation plan nor the funding that would support it. I believe however that the Transportation Chairs and leadership on both sides still intend to move on this legislation this year, but very late, after all other budget battles are resolved.

As always, if you have any questions about the report or other issues to come before the legislature, please send me an email, rvancrum@vancrumlaw.com.

Shawnee Chamber of Commerce